



# NEWS RELEASE

**STATE BOARD  
OF EQUALIZATION**

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**FOR IMMEDIATE RELEASE**

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## **CHIANG RELEASES TAXABLE SALES FOR FIRST QUARTER 2005**

John Chiang, Chair of the State Board of Equalization, today released taxable sales figures for the first quarter of 2005. Taxable sales in California rose in the first quarter of 2005, marking the eleventh consecutive increase in quarterly growth. Transactions subject to sales and use tax totaled \$119.4 billion during the first quarter of 2005, an increase of \$5.5 billion or 4.8 percent over the first quarter of 2004. For the first time in three years, taxable sales increased slower than personal income, which rose by 6.3 percent.

In constant dollar terms, taxable sales increased by 3.0 percent over the same quarter of 2004. The California Taxable Sales Deflator measured an inflation rate of 1.7 percent for the first quarter of 2005, below the California Price Index quarterly measured rate of 3.3 percent.

“We saw growth in taxable sales across the state in the first quarter of 2005. Los Angeles County’s sales growth was slightly below the statewide totals,” said Chair John Chiang.

“Overall, the County’s quarterly taxable sales totaled \$29.6 billion. That’s \$1.2 billion or 4.3 percent over the same quarter of 2004,” he added.

Chiang also noted that some of the strongest growth was seen in Arcadia (\$20.5 million or 12%), the City of Commerce (\$25.8 million or 9.9%) El Segundo (\$22.5 million or 12.4%) and Lancaster (\$41.2 million or 11.7%).

Gains in taxable sales were widespread across the retail sector statewide. Total retail sales climbed to \$83.7 billion, 4.5 percent over the same period in 2004. Retailers of durable goods saw a 1.9 percent increase, while non-durable goods increased by 7.3 percent.

Durable goods categories saw mixed levels of growth. Household and home furnishings store sales increased 6.8 percent to \$3.9 billion during the first quarter. New car dealers posted taxable sales of \$14.4 billion, a 2.3 percent increase over the same period of 2004.

Sales of building materials fell to \$7.6 billion, a 7.7 percent drop from the first quarter of 2004. Although this is the first decline in building material sales since 1995, the lower total is consistent with a 2.3 percent decline in residential building permits during the same time period.

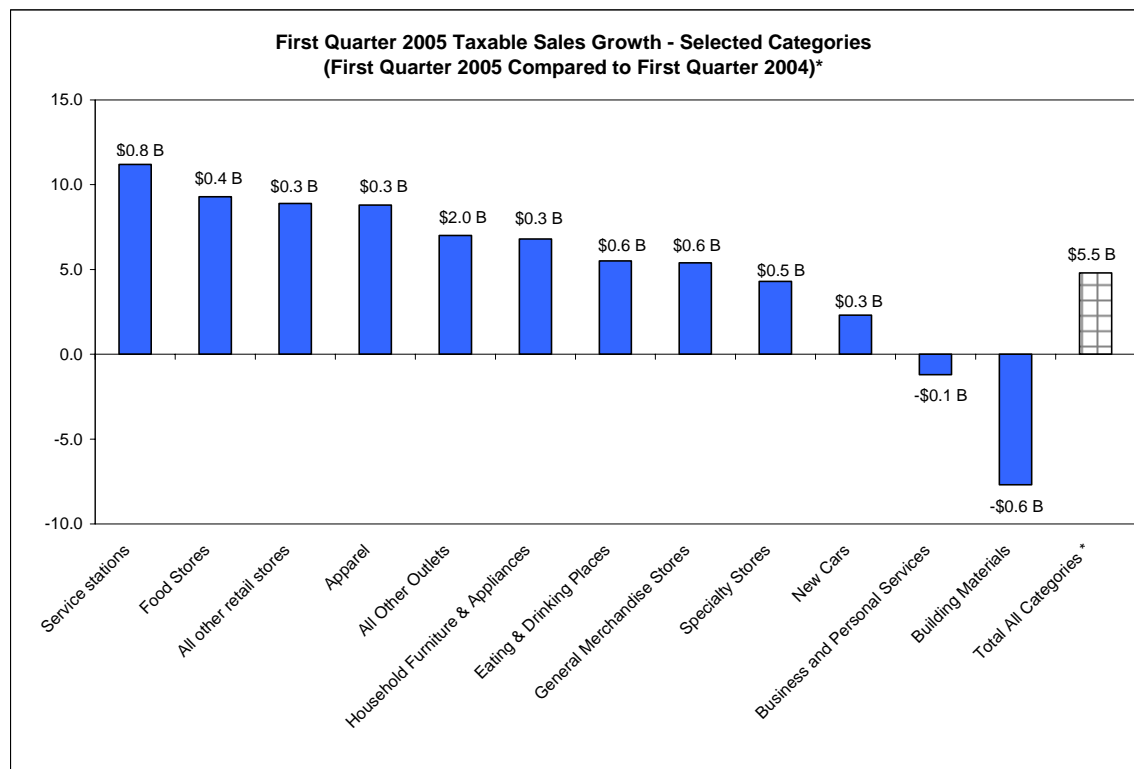
Despite a small drop in gasoline consumption, service station sales grew by 11.2 percent over the same period of 2004 to reach a total of \$8 billion. Gasoline sales declined 1.6 percent, marking the first drop since the final quarter of 2001. Californians bought 3.8 billion gallons in the first quarter of 2005 at an average price of \$2.017 per gallon, which was 12.9 percent higher than the average price for the same first quarter of 2004.

Taxable sales by service industry businesses totaled \$5.2 billion, dropping just over one percent from the same quarter in 2004. All other outlets such as manufacturing and wholesale businesses saw their taxable sales improve by 7.0 percent to reach a total of \$30.4 billion. Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

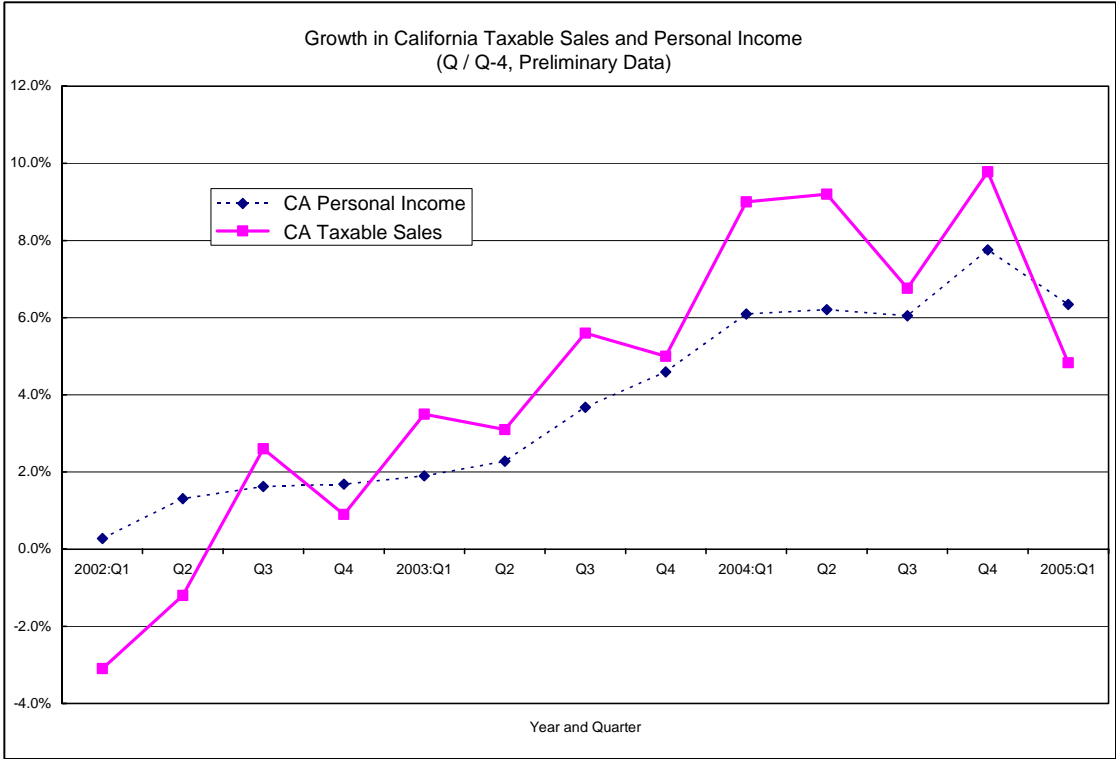
The five-member Board of Equalization is a publicly elected tax board. The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Bill Leonard of Sacramento/Ontario, Second District; Claude Parrish of Long Beach, Third District; and State Controller Steve Westly.

2005 Taxable Sales: <http://www.boe.ca.gov/news/tsalescont05.htm>



*This chart highlights specific categories, but is not all inclusive. Please see links above for other figures.*



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